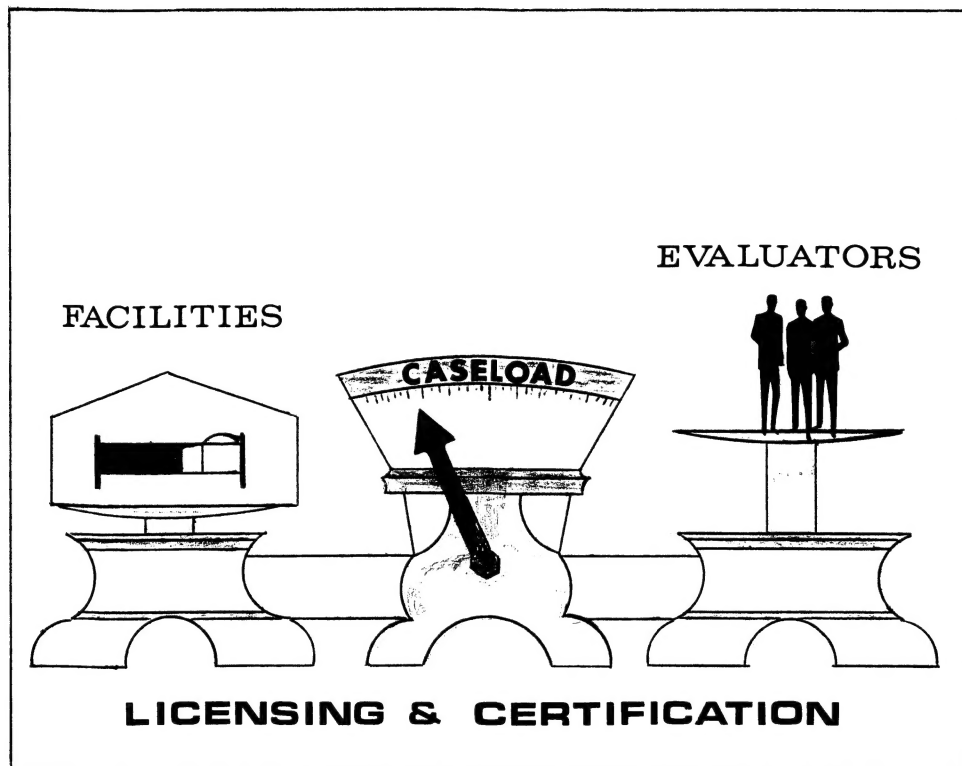




Joint Legislative Audit Committee  
Office of the Auditor General



# REPORT TO THE CALIFORNIA LEGISLATURE



## OPPORTUNITIES TO IMPROVE THE DEPARTMENT OF HEALTH'S EVALUATION OF COMMUNITY CARE FACILITIES

Office of the Auditor General  
**1955 - 1977**

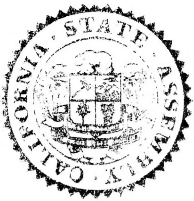
REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

722

OPPORTUNITIES TO IMPROVE  
THE DEPARTMENT OF HEALTH'S EVALUATION  
OF COMMUNITY CARE FACILITIES

DEPARTMENT OF HEALTH

NOVEMBER 1977



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November 14, 1977

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report on the evaluation of Community Care Facilities by the Department of Health.

Despite two years of high unemployment and glowing press releases regarding successful job placements by the Employment Development Department, the Department of Health has been unable to fill 18 percent of its 121 person staff with competent evaluators of community care facilities.

By copy of this letter, the Department is requested to advise the Joint Legislative Audit Committee within sixty days of the status of implementation of the recommendations of the Auditor General that are within the statutory authority of the Department.

The auditors are Harold L. Turner, Audit Manager; Gerald A. Hawes, B. L. Myers; and Eugene T. Potter

Respectfully submitted,

MIKE CULLEN  
Chairman

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SUMMARY

The Department of Health is responsible for licensing and regulating community care facilities in California. In our opinion, understaffing and inappropriate caseload standards in the Licensing and Certification Division, Department of Health impede (1) the timeliness of the evaluations of community care facilities, (2) compliance with community care evaluation requirements, and (3) the Division's ability to assure an adequate level of care for residents of community care facilities.

On page 10, we recommend corrective action by the Department of Health.

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and under the authority vested in the Auditor General by Section 10527 of the Government Code, we have reviewed the relationship of annual evaluations of community care facilities which are conducted by the Licensing and Certification Division of the Department of Health to staffing levels within the Division.

### Division Organization

The Department of Health's Licensing and Certification Division has four policy and support sections and 12 district offices (9 primary offices and 3 suboffices). The district offices are the operational arm of the Division. Each office inspects community care facilities to assure safe and competent care of children and adults before issuing or renewing the facilities' state licenses. The Community Care Section is responsible for policy direction and program support of the district offices.

### Community Care Facilities

Community care facilities are maintained and operated to provide nonmedical care and services to children and adults. There are at least 46,000 community care facilities with licenses in force or pending in the State. These facilities include:

- 24-hour care facilities for adults and children in a family or group setting
- Day care facilities for adults and children in a family or group setting
- Other facilities such as adoption agencies and rehabilitation centers.

There are 27 primary classes of facility licenses available. In addition, there are many combinations and limitations which can be attached to a license. For example, a facility license may be limited to provide services to individuals with specific characteristics such as gender or ability to ambulate.

About 33,000 of the community care facilities are regulated by the county welfare departments which are reimbursed by the State for this service. The remaining 13,000 are regulated by the State. The division of cases between the State and the counties is primarily based on facility size, with the counties generally inspecting the smaller facilities.

The community care licensing activity is funded by:

Licensing Fees	\$ 506,000
General Funds	3,919,000
Federal Title 20 (Services)	1,500,000
Total Budget 1976-77	<u>\$5,925,000</u>

Scope of the Review

We reviewed staffing and caseload levels at the district offices and the Division's headquarters office. We visited the district offices in Berkeley/San Francisco, Fresno, Sacramento, San Jose, Santa Ana and Santa Rosa. The Los Angeles and San Diego offices were surveyed by questionnaire.



## AUDIT RESULTS

### THE LICENSING AND CERTIFICATION DIVISION, DEPARTMENT OF HEALTH IS NOT EVALUATING COMMUNITY CARE FACILITIES WITH THE FREQUENCY REQUIRED BY STATE LAW

The Health and Safety Code requires that community care facilities be evaluated annually and day care facilities for children be inspected at least biennially to ensure that quality care is being provided. The Licensing and Certification Division of the Department of Health which is responsible for conducting the facility evaluations acknowledges that the Division has not complied with the annual evaluation requirement.

#### Annual Evaluations Not Performed

Based on our analysis, we conclude that six of the nine district offices did not meet the annual evaluation requirements. The three districts which reported that they were meeting the annual evaluation requirements, however, acknowledged they were not adequately conducting follow-up visits to determine if providers had corrected the deficiencies found in the annual evaluations. The Division's failure to conduct annual evaluations or follow-up visits may adversely impact on the quality of care or endanger residents. The failure to conduct annual evaluations may also have contributed to the average number of complaints per month doubling during the past two years.

Examples of situations which have been identified during annual evaluations and which may endanger the residents include:

- An adolescent mentally retarded girl was found living in a facility licensed for mentally disordered adults
- Fresh food was improperly refrigerated and was exposed to vermin
- Drugs were improperly secured and labeled.

According to district office administrators, the failure to conduct annual evaluations as required was primarily a result of understaffing. The understaffing resulted from:

- A need to fill vacant positions
- Inappropriate caseload standards
- County departments returning licensing responsibility to the State.

#### Need to Fill Vacant Positions

As of September 30, 1977, the district offices had 22 (18 percent) vacancies in their authorized positions (Table 1). Each of the district administrators questioned has stated that the Division's affirmative action policy is a primary handicap in filling the vacant positions.

TABLE I

ANALYSIS OF COMMUNITY CARE STAFFING NEEDS  
JULY 31, 1977

<u>District Office</u>	<u>Current Staff</u>		Staff Needed to <u>Fill Vacancies</u>
	<u>Authorized</u>	<u>Actual</u>	
Berkeley	13	9	4
Fresno	10	10	
Los Angeles	28	27	1
Sacramento	15	12	3
San Diego	7	6	1
San Francisco	12	8	4
San Jose	9	8	1
Santa Ana	18	13	5
Santa Rosa	<u>9</u>	<u>6</u>	<u>3</u>
Totals	<u>121</u>	<u>99</u>	<u>22</u>

Current Caseload Standards  
May Be Inappropriate

Current authorized staffing levels are based on caseload standards of 150 facilities per evaluator for child day care facilities which require biennial inspection, and 75 facilities per evaluator for adult day care and all 24-hour residential facilities which require annual inspection.

The Department of Health has expressed concern that the number of facilities assigned to each evaluator does not accurately reflect the time needed to review the facilities. In determining caseload

standards, sufficient consideration is not given to the time an evaluator must spend on activities unrelated to facility evaluations and on travel between facilities in different parts of the State.

Current caseload standards for example do not consider the following elements of workload which are performed by community care evaluators:

- Evaluation of facilities applying for licensing
- Staff preparation of legal documents during revocation proceedings
- Counties' return of caseloads to the State.

Our analysis of staff time and new county reimbursement policies both indicate that it takes about two and one-half times as long to evaluate a facility applying for licensing as it does to make the annual evaluation of a licensed facility. In our opinion, excluding applications from the caseload standard understates caseloads. At July 31, 1977 about 1,900 applications were pending. Dividing these applications among the existing caseloads increases each evaluator's workload by about 17 percent.

A considerable amount of time is spent preparing legal actions in revocation proceedings. For example, two evaluators reported that they charged in excess of 25 percent of calendar year 1976 to preparing legal documents.

The Division is instituting a time reporting system which includes the information needed to appropriately adjust caseload standards. This system will accumulate the time required to process new applications for license, license renewals, travel and other time-related information. We did not attempt to verify the accuracy of existing caseload standards because the time reporting system is under development and to date has not produced sufficient information to adequately assess its effectiveness as a mechanism to appropriately adjust caseload standards or task assignments.

County Departments are Returning  
Licensing Responsibility to the State

The county welfare departments may return to the State the responsibility for licensing small facilities. Since July 1976, about 3,000 facilities have been turned back to the State. County representatives have stated that this responsibility is returned to the State primarily because the State has not adequately reimbursed the counties for their costs. The reimbursement rate prior to the 1976-77 fiscal year was \$65 for all license activity. During the 1976-77 fiscal year the reimbursement rate was \$100 for all license activity. The 1977-78 reimbursement rate is:

New Licenses	\$160
Renewal Licenses	66
Withdrawals and Denials	134
Revocations	361

It is too early to determine whether the counties will change their policies concerning the return of licensing responsibility to the State.

The latest county to turn back facilities is San Francisco County which has given notice that it will turn back 696 facilities to the State on November 1, 1977. Six additional staff would then be required based on current caseload standards.

### CONCLUSION

The Division is not evaluating community care facilities with the frequency required by state law. The understaffing caused by inappropriate caseload standards, inflexible hiring practices and the return of county caseloads are the primary reasons for noncompliance.

### RECOMMENDATIONS

We recommend that the Department of Health:

- Fill the 22 authorized but vacant positions
- Determine from the time reporting system and other analyses those tasks which should be performed by community care evaluators as well as those tasks which should be performed by persons other than evaluators so that accurate and cost effective community care caseload standards can be established.

BENEFITS

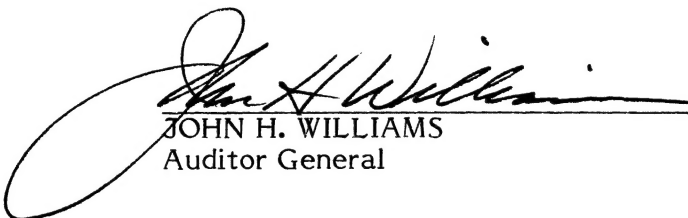
Implementing these recommendations should enable the Division of Licensing and Certification to comply with state evaluation requirements mandated by the Legislature.

OTHER PERTINENT INFORMATION

In response to allegations that Department of Health administrative personnel had attempted to soften the reports of state hospital inspections, we reviewed citations given to state hospitals and compared corrective action statements made by state hospital administrators.

We found no evidence that the Department of Health had made an overt attempt to soften the reports prepared by the field licensing staff. Further, we found no evidence that the Department had directed the hospital administrators to respond to the inspection reports in a uniform or improper manner.

Respectfully submitted,



JOHN H. WILLIAMS  
Auditor General

November 8, 1977

Staff: Harold L. Turner, Audit Manager  
Gerald A. Hawes  
B. L. Myers  
Eugene T. Potter



## DEPARTMENT OF HEALTH

714 P STREET  
SACRAMENTO, CALIFORNIA 95814  
(916) 445-2070



November 7, 1977

John H. Williams  
Auditor General  
Joint Legislative Audit Committee  
Office of the Auditor General  
925 L Street, Suite 750  
Sacramento, CA 95814

Dear Mr. Williams:

This is in response to your letter of November 2, 1977, regarding the draft report of the Auditor General on Licensing and Certification of Community Care Facilities.

In general, we concur with your conclusions. In the recent years the Division of Licensing and Certification has not been able to evaluate community care facilities with the frequency required by State law. The staffing caseload standards of 1:75 and 1:150 for residential and day care facilities respectively have been insufficient to meet the statutory required licensing workload. In addition, more than 30 percent of staff time has been devoted to initiating legal and social service actions in response to public complaints and emergency situations which have doubled in number over the last two years. Our current discussions with the Department of Finance center on Finance's position that the ratios are too low, and our feeling that, given the tremendous increase in new workload, the ratios are too high.

The hiring practices of the Division of Licensing and Certification are in compliance with the Department of Health and state civil service procedures. Currently, there are only 18 vacancies out of 182 positions throughout the State, 6 of which are in the process of being filled within a few days. Because of the special nature of licensing jobs it is very difficult to attract newly graduated social workers or other related professionals at an entry level which pays equal or less than comparable classes outside of the state civil service system. We hope to be able to hire qualified candidates above the minimum hiring rates to compete with other social work employers such as counties.

John H. Williams


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November 7, 1977

We are in the process of developing an in-depth time study in order to determine what specific functions may be performed by the clerical and support staff so that evaluators can devote more time to their primary task.

If you have any inquiries regarding this matter, please contact Caroline Cabis, Assistant Deputy Director or Moss T. Nader, Chief, Community Care Section at 445-3284.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don Hauptman". The signature is fluid and cursive, with a large initial "D" and a stylized "H".

Don Hauptman, Deputy Director  
Licensing & Certification Division

cc: Jerome A. Lackner, M.D.  
Ray Procunier

**Office of the Auditor General**

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps